

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 12, 2002

IN RE:

**TOTAL ENVIRONMENTAL SOLUTIONS, INC.,
A WHOLLY-OWNED SUBSIDIARY OF
LOUISIANA ELECTRIC COOPERATIVE
ASSOCIATION**

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) **DOCKET NO. 02-00291**
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ORDER AMENDING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

This matter came before Chairman Sara Kyle, Director Pat Miller, and Director Deborah Taylor Tate of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned in this docket, at the regularly scheduled Authority Conference held on July 23, 2002 for consideration of the *Petition of Total Environmental Solutions, Inc. and South Louisiana Electric Cooperative Association for an Amendment of Tariff Certificate of Public Convenience and Necessity to Provide Utility Services* (the "*Petition*"), filed on March 20, 2002.

In the *Petition*, Total Environmental Solutions, Inc. ("TESI") and South Louisiana Electric Cooperative Association (collectively the "Petitioners") request an amendment of the Certificate of Public Convenience and Necessity ("CCN") currently held by TESI, pursuant to Tenn. Code Ann. § 65-4-201 *et seq.* The Petitioners state that by Order dated October 30, 2001, in Docket No. 00-00511, the Authority approved a transfer of the authority to provide utility services held by Riviera Utilities of Tennessee, Inc. ("Riviera") from Riviera to TESI. This Order gave TESI the right to provide water service to the Candlewood Subdivision ("Candlewood") and the Cherokee Landing Resort ("Cherokee Landing").

According to the *Petition*, Candlewood and Cherokee Landing are contiguous properties located in Middleton, Tennessee in Hardeman County. Candlewood currently has between seventy (70) and eighty (80) full-time residents and contains both developed and undeveloped lots. Cherokee Landing is a seasonal campground with no full-time residents.

The *Petition* states that on December 23, 2000, TESI purchased the assets of Johnson Properties ("Johnson"), which included the assets of Riviera and other water and wastewater assets in five (5) other states as part of a sale approved by the Trustee appointed by the United States Bankruptcy Court for the Middle District of Louisiana in connection with the Johnson Properties Bankruptcy Plan. Cherokee Landing was not included in the assets TESI purchased from Johnson because, at the time of the sale, neither Johnson nor its subsidiary Riviera owned any interest in Cherokee Landing.

According to the *Petition*, the Tennessee Public Service Commission (the "TPSC"), by Order dated May 1, 1989, granted Riviera a CCN for a service area including both Candlewood and Cherokee Landing. It appears that National American Corporation ("NACO") was the parent company of Riviera, and NACO, through Riviera, operated Cherokee Landing and provided water service to Candlewood until late 1992. Under a purchase agreement dated November 15, 1992, Johnson acquired all of the outstanding capital stock of Riviera.

However, according to the *Petition*, in accordance with the purchase agreement, none of the water facilities at Cherokee Landing were transferred to Johnson as part of this acquisition. Further, reference to both Candlewood and Cherokee Landing in a tariff filed by Riviera in TPSC Docket No. 95-03351 indicates that Riviera did not clarify to the TPSC that Cherokee Landing was not part of Johnson's acquisition of Riviera. The discrepancy between the TPSC and Authority records reflecting Riviera's service area and the facilities actually acquired by

Johnson, and thus by TESI, came to TESI's attention following its acquisition of Riviera in 2000. The *Petition* further states that it is TESI's understanding that at all times subsequent to the execution of the November 15, 1992 purchase agreement, NACO has operated the water facilities at Cherokee Landing as a seasonal campground and has not charged any of the users of this campground for water service. The Petitioners request that the Authority amend TESI's tariff to delete Cherokee Landing from its service area.

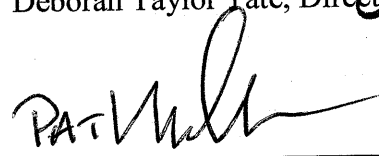
The Authority considered the *Petition* at the July 23, 2002 Authority Conference. Upon careful consideration of the *Petition*, and of the entire record in this matter, the Authority unanimously voted that TESI's CCN be amended to delete Cherokee Landing from its service area.

IT IS THEREFORE ORDERED THAT:

The Certificate of Public Convenience and Necessity of Total Environmental Solutions, Inc. is amended to delete the area known as Cherokee Landing Resort, located in Middleton, Tennessee in Hardeman County.


Sara Kyle, Chairman


Deborah Taylor Tate, Director


Pat Miller, Director